

AI Budget Model 2027

Planning, managing and assessing the economics of Copilot and agent costs

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Plan year 2027

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CONTENTS

01 What the model is designed to do	3
02 Colour and input logic	4
03 Worksheet “Controls”	5
04 Worksheet “Use Cases”	6
05 Worksheet “Monthly Budget”	7
06 Worksheet “Scenarios”	8
07 Worksheet “Dashboard”	8
08 Recommended governance and budget process	9
09 Example: budgeting a new agent	9
10 Checklist before approving the 2027 budget	10
11 Product logic and sources	10
12 Licence, liability and trademarks	11

INSIGHT**Purpose of the model**

The workbook separates fixed licence costs from consumption costs and adds platform, internal operations, rollout, governance and measurable economic benefit. It is designed as a planning and management model, not as a price forecast.

01

What the model is designed to do

The AI budget model does not treat AI as just another software licence. As soon as agents, Copilot Credits and usage-based services come into play, a variable cost component emerges alongside the classic seat licence. The model brings these two worlds together and sets them against the expected economic benefit.

INSIGHT**Guiding idea**

The decisive control variable is not the number of prompts, but the cost of the work performed by AI in relation to the benefit for the business process concerned.

1.1 Six worksheets

WORKSHEET	FUNCTION	TYPICAL USER
Controls	Central inputs and calculated key figures	Finance, AI Lead, management
Use Cases	Consumption, benefit and business case per use case	Business units, AI Product Owner
Monthly Budget	Plan, actual, forecast and budget traffic light	Controlling, FinOps
Scenarios	Pilot, base, scale-up and consumption stress	Management, Finance
Dashboard	Condensed management view	Executive management, steering committee
Sources & Notes	Sources, limits and recommended budget process	Everyone involved

02

Colour and input logic

The workbook follows a deliberately simple logic. Values with a light gold background and blue font are inputs or assumptions, black values are formulas or automatically calculated results. Key results such as the total budget are also highlighted in light green. The legend at the top of each sheet shows all three. Sources and notes serve to separate confirmed product logic from internal assumptions.

DISPLAY	MEANING	WHAT TO DO
INPUT: light gold / blue font	Editable assumption	Replace with your company's values
CALCULATION: black	Formula or result	Do not overwrite
RESULT: light green background	Key result of a formula	Do not overwrite, use it for the decision
Traffic light	Consumption against the planned PAYG budget	If amber or red, check the cause and the forecast

RISK

Important

The values already entered are starting values. Before a budget is approved, the licence price, user numbers, credit consumption, fully loaded costs, exchange rate, time values and expected savings in particular must be replaced with reliable company data.

03

Worksheet “Controls”

This sheet is the central control panel of the model. Changes to the assumptions flow into all downstream calculations.

3.1 Master data and cost assumptions

FIELD	MEANING	RECOMMENDATION
Number of employees	Reference figure for the whole company	Use the current planned FTE headcount
Copilot-licensed users	Planned number of paid seats	Only license roles with a well-founded need
Licence price per user/month	Contractual price per seat	Use your quote or framework agreement
Copilot Credit price in USD	Unit price for PAYG modelling	Check current Microsoft terms (as of 16 October 2026: USD 0.01 on pay-as-you-go)
USD/EUR conversion	Budget rate for USD costs	Agree with Finance's budget rate
Licence reserve	Buffer for price or volume changes	Set as a deliberate management reserve
PAYG safety reserve	Buffer on planned credit consumption	Plan conservatively at first

3.2 Platform, change and governance

AI costs consist of more than licences and credits. The model therefore also includes central platform and operating costs as well as one-off costs for rollout, training and governance.

- Platform costs: for example data integration, monitoring, integrations and technical operations, where they actually arise.
- Rollout & change: training, communication, champions and organisational rollout.
- Governance & compliance: policies, data protection, risk assessment and other company-specific requirements.
- Internal operations FTE: ongoing staff responsibility for product, administration, FinOps and governance.

3.3 Economic benefit assumptions

The value of a productive hour translates time saved into a comparable economic figure. The realisation rate prevents every theoretically saved minute from being counted automatically as real business benefit.

PRACTICE

Example

If a task saves ten minutes on paper, that does not mean those ten minutes are fully realised as cost savings. The realisation rate captures this difference in the model.

04

Worksheet “Use Cases”

This is where the actual business case is built. Each relevant AI use case is modelled separately, so that a single average consumption is not laid across completely different processes.

COLUMN	INPUT OR CALCULATION	INTERPRETATION
Type	Input	Assistant, Cowork or Agent. Describes the kind of use, costs are driven by the Billing column
Users	Input	How many people use the use case?
Tasks/user/month	Input	How often is the use case performed?
Credits/task	Input	Planned or measured consumption per task
Months active	Input	How many months does the use case run in 2027?
Adoption	Input	What share of the planned use is actually achieved?
Credits/year	Formula	Calculated annual consumption, chargeable only with billing “Credits”
PAYG EUR/year	Formula	Consumption costs in euros, zero for “Included in licence”
Hrs saved/task	Input	Expected time saved per task
Gross benefit	Formula	Theoretical monetary benefit before deductions
Risk discount	Input	Deduction for uncertainty, errors or process risks
Net benefit	Formula	Benefit after risk discount and realisation rate
Business case	Formula	Ratio of net benefit to PAYG costs, for “Included in licence” it shows “in licence”
Billing	Input (drop-down)	Credits or Included in licence: do credits apply to this use case?

4.1 Licence or credits: the Billing column

Not every use of AI consumes credits. According to Microsoft, interactive use of agents by employees with a Microsoft 365 Copilot licence is included in the licence, as long as the agent works under that person’s sign-in (Microsoft Learn, Copilot Studio billing rates, as of 16 October 2026). Credits mainly apply in three cases: Cowork, which requires a licence and is still billed via credits, agents that start automatically in response to an event, and users without a licence.

The Billing column reflects this. With “Included in licence”, the model sets the credit costs to zero, while the calculated consumption remains visible in the Credits/year column. With “Credits”, consumption flows into the PAYG budget. The sample values show both cases: assistance for licensed employees is included, while Cowork and process agents consume credits.

This raises a separate planning question for each role: is the fixed licence worthwhile, or is paying for consumption cheaper? Microsoft itself names identifying such usage patterns as one purpose of the pay-as-you-go model.

4.2 Recommended approach per use case

1. Name the process clearly and assign a business owner.
2. Derive user numbers and task volumes from real process data.
3. Measure credit consumption first or estimate it conservatively, and replace it with actual values later.
4. Determine time savings with a before-and-after comparison rather than by gut feeling.
5. After a pilot phase, recalibrate adoption, consumption and benefit.

DECISION

Steering rule

A use case can work technically and still be economically unattractive. That is exactly why the model looks at consumption and benefit on the same level.

05

Worksheet “Monthly Budget”

The monthly budget translates the annual plan into an operational FinOps view. Alongside the plan, actual PAYG, licence and other costs can be entered.

5.1 Monthly routine

1. After month-end close, enter PAYG actual, licence actual and other actual costs.
2. Check the variance against the monthly plan.
3. Check PAYG budget used and the traffic light.
4. Agree the full-year forecast with Finance or the AI steering group.
5. In the case of structural deviations, identify the use case causing them instead of simply increasing the budget.

5.2 Traffic light logic

STATUS	MEANING IN THE MODEL	MANAGEMENT RESPONSE
GREEN	Cumulative PAYG actual is at most 90% of the cumulative PAYG plan	Keep monitoring
AMBER	Cumulative PAYG actual is above 90% and at most 110% of the plan	Analyse the drivers and update the forecast
RED	Cumulative PAYG actual is above 110% of the plan	Review consumption, limits and use cases promptly

As long as no actuals have been entered, the traffic light shows green. The thresholds of 90% and 110% are starting values and can be adjusted in the formulas of the Traffic light column. The Full-year forecast column combines actuals up to the respective month with the plan for the remaining months, so actuals should be recorded without gaps.

06

Worksheet “Scenarios”

The scenario view is meant to support management decisions before a single base value is mistaken for a seemingly certain forecast.

SCENARIO	IDEA	USE
Pilot	Half the usage and fewer seats	Budget approval for a controlled start
Base	Current plan	Operational annual planning
Scale-up	More seats and more tasks, the benefit grows with them	Assessing a successful rollout
Stress	More credits per task with the same number of users and the same benefit	Testing the consumption risk

The stress scenario is particularly important, because agent consumption does not necessarily grow in proportion to the number of licensed users. The sheet therefore separates two levers. The volume factor changes the number of tasks and affects costs and benefit equally. The consumption factor changes only the credits per task, for example because agents need more steps than planned, and affects costs alone. In the stress scenario only the consumption factor rises, while the benefit stays the same. This keeps visible what happens when the same work becomes more expensive.

07

Worksheet “Dashboard”

The dashboard is the condensed management view. It should not be read in isolation, but always together with the use case portfolio and the monthly forecast.

KPI	QUESTION IT ANSWERS
Total budget	How much are we investing in this AI model in total in 2027?
Of which PAYG	What amount goes to variable usage?
PAYG share	How strongly is the budget already driven by consumption?
Net benefit	What economically realisable benefit is expected?
Portfolio ROI	Is the modelled benefit in a sensible relation to the total budget?
Credits/year (billed)	How many credits are actually charged?

08

Recommended governance and budget process

The model works best when AI budgeting is not closed once a year, but run as an ongoing management process.

CADENCE	CONTENT	PARTICIPANTS
Monthly	Actual consumption, forecast, variances, new cost drivers	FinOps, AI Lead, Controlling
Quarterly	Use case ROI, adoption, quality, stop or scale decisions	Business units, Finance, Governance
For each new use case	Budget need, data risk, owner, success criteria	Use case owner, IT, Governance
Annually	Licence mix, consumption model, platform and operations budget	Management, Procurement, Finance

INSIGHT

Principle

Variable AI costs need the same discipline as cloud costs: accountability, cost allocation, forecasting, thresholds and the ability to stop or redesign unprofitable usage.

09

Example: budgeting a new agent

Suppose a business unit wants to introduce an additional agent for a recurring process in 2027. The steps in the workbook would be:

1. Add a new row in the “Use Cases” sheet and name the process unambiguously.
2. Set users, monthly task volume, months of use and expected adoption.
3. Enter credits per task from a pilot or a conservative assumption and set the billing: Credits or Included in licence.
4. Set the time saved per task and a risk discount.
5. Check how PAYG costs, net benefit and business case change.
6. In the Scenarios sheet, simulate a higher consumption factor to test whether the case still holds with unexpectedly high usage.
7. After go-live, record the actual monthly costs in the monthly budget and refine the assumptions regularly.

10

Checklist before approving the 2027 budget

- ☐ Contractual licence price and planned number of seats confirmed
- ☐ Credit price or commercial terms checked against current conditions
- ☐ Budget exchange rate agreed with Finance
- ☐ Top use cases recorded with owner, volume and adoption
- ☐ Consumption per task measured or estimated in a traceable way
- ☐ Billing checked for each use case: credits or included in the licence
- ☐ Time savings validated through a process comparison
- ☐ Realisation rate set deliberately
- ☐ Platform and internal operating costs included
- ☐ Change and governance costs taken into account
- ☐ Pilot, base, scale-up and stress scenarios discussed
- ☐ Monthly responsibility for actual costs and forecast assigned
- ☐ Thresholds and escalation path for PAYG defined

11

Product logic and sources

The budget model is based on Microsoft’s publicly documented direction of complementing fixed subscription licences with usage-based billing for suitable Copilot services. Copilot Credits serve as a common unit of consumption. According to Microsoft, consumption depends on the complexity of the task, and credits are pooled at tenant level. On pay-as-you-go, one credit costs USD 0.01. Interactive use of agents by licensed employees is included in the licence. All information was checked against the Microsoft sources listed below on 16 October 2026. Product prices, services and billing rules may change and must be checked again before any real budget approval.

SOURCE	URL
Microsoft Copilot Credits Licensing Guidance	https://www.microsoft.com/licensing/guidance/Copilot-Credits
Microsoft Learn: Usage-Based Billing and Cost Management for Copilot Credits	https://learn.microsoft.com/en-us/microsoft-365/copilot/usage-based-billing-overview-copilot-credits
Microsoft Learn: Copilot Studio Billing rates	https://learn.microsoft.com/en-us/microsoft-copilot-studio/requirements-messages-management

RISK	Scope This manual describes how to use the budget model. It does not replace Microsoft licensing terms, a specific Microsoft offer or internal approval by Finance, Procurement, IT and Governance.
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12

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